

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 RSC-01 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 5725

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

SUBJECT: ECONOMICS MINISTER ON GOLD REVALUATION AND
OTHER INTERNATIONAL FINANCIAL TOPICS

AT JANUARY 9 LUNCHEON ORGANIZED BY THREE FRENCH
PERIODICALS, ECONOMICS AND FINANCE MINISTER FOURCADE
MADE FOLLOWING COMMENTS RE CURRENT INTERNATIONAL
FINANCIAL TOPICS:

1. "WE MUST DRAW ALL THE CONSEQUENCES FROM REPLACEMENT
OF GOLD BY SDRS AS CENTRAL INSTRUMENT IN INTERNATIONAL
PAYMENTS SYSTEM." THIS IS REASON UNDERLYING DECISION
TODAY TO REVALUE FRENCH GOLD STOCK. HOWEVER, GOLD MUST
REMAIN "A MONETARY ASSET."

2. AS A FIRST STEP, OFFICIAL PRICE OF GOLD SHOULD BE
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ABOLISHED, AND THIS DECISION MAY BE TAKEN NEXT WEEK IN

WASHINGTON. THEN CENTRAL BANKS SHOULD BE ALLOWED TO BUY AND SELL GOLD FREELY. FINALLY, GOLD IN POSSESSION OF IMF SHOULD BE RETURNED TO COUNTRIES FROM WHICH IT CAME.

3. RE POSSIBLE DIRECT INVESTMENTS BY OIL EXPORTING COUNTRIES IN FRENCH INDUSTRY, MINISTER SAID HE WAS OPPOSED THERETO IN CASES WHERE SUCH ACQUISITIONS BROUGHT NO BENEFITS AS REGARDS BUSINESS ACTIVITY AND EMPLOYMENT. IN THIS RESPECT, INVESTMENTS BY OIL EXPORTING COUNTRIES IN KRUPP AND DAIMLER IN GERMANY BOTH APPEARED TO HIM RATHER UNDESIRABLE. HOWEVER, HE WOULD BE FAVORABLE TO SUCH INVESTMENTS IF THEY CREATED BUSINESS ACTIVITY OR NEW JOBS, PROVIDED THEY DID NOT EXCEED 10 OR 15 PERCENT OF THE CAPITAL OF FRENCH COMPANIES.

4. ON RECYCLING, FRENCH GOVERNMENT HAS OPEN-MINDED ATTITUDE RE U.S. PROPOSAL FOR CREATION OF SOLIDARITY FUND AMONG OECD COUNTRIES, PROVIDED THERE IS NO LINK BETWEEN THIS FUND AND INTERNATIONAL ENERGY AGENCY, AND PROVIDED IT IS NOT A SUBSTITUTE FOR IMF OIL FACILITY, BUT IS COMPLEMENTARY THERETO. FRANCE IS FAVORABLE TO A MULTIPLICITY OF DEVICES FOR RECYCLING, BUT FIRMLY BELIEVES THAT RECYCLING COULD NEVER REPLACE EFFORT FOR BALANCE OF PAYMENTS ADJUSTMENT.

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